

# GOVERNMENTAL ASSISTANCE TO THE CANADIAN PACIFIC RAILWAY COMPANY.

DEAR SIR JOHN,—

As the belief seems to be abroad, and to be entertained even by some of those who are very near you in the Government, that the Canadian Pacific Railway Company has been treated by the Government with such liberality in the matter of subsidies as to give its competitors, the Grand Trunk Railway Company especially, just ground for complaint, and as we have felt for a long time back that the very reverse was the case, I have recently gone into the question with a view to ascertaining which, if either, have reason to be dissatisfied—the friends of the Grand Trunk or those of the Canadian Pacific.

I presume that the Grand Trunk has no more reason to find fault with the original subsidy granted by the Government to the Canadian Pacific than the latter has with the large loans made by the Government to the former, which, having been placed beyond the possibility of recovery, became practically gift, and which amounted to much more in comparison to the work done than the subsidy to the Canadian Pacific; and I presume that the loan made by the Government to the Canadian Pacific Company during the construction of its railway does not enter into this question, because that loan was made as a public necessity, and was repaid, with interest, long ago, repaid at a time when the Company's credit had to be strained to the utmost to do it, repaid in order that the Company might stand before the country as having fulfilled every obligation and in order that it might claim and be entitled to just as liberal treatment in all matters as might be accorded to other railway enterprises. Whether or not it has received liberal and equal treatment as compared with the Grand Trunk and other railways the facts stated in my memorandum will say.

Aside from the main line of the Canadian Pacific Railway—the original undertaking of the Company,—the following new works have been executed by the Company or at its instance and upon its credit, since 1882, without any subsidy or Governmental assistance whatever:—

	Cost.
Montreal to Toronto, 340 miles.....	\$13,025,000
Winnipeg to Greta and Manitou, 115 miles.....	2,284,000
Sudbury to Sault Ste. Marie, 182½ miles.....	4,300,000
Selkirk Branch, 24 miles.....	206,500
Port Moody to Vancouver, and terminals, 14 miles.....	705,000
New Westminster Branch, 8½ miles.....	142,700
Stobie Branch, 5 miles.....	47,00
Buckingham Branch, 5 miles.....	49,400
Chatham to Windsor (including Detroit Car Ferry), 482 miles.....	1,829,000
Mission Branch (under construction), 11 miles.....	165,000
St. Lawrence Bridge and approaches.....	1,430,000
Sault Ste. Marie Bridge and approaches.....	900,000
Fraser River Bridge.....	180,000
The equipment of the above named lines is not included. Its cost for all of them has been.....	2,452,000
And the Company's three Lake steamers cost.....	631,000

Making a total of..... \$28,296,000

For some of these lines and works the company sought Government assistance

but was refused; while during the period covering their construction—viz., from 1882 to the present time—not one single important work has been carried out by or for the Grand Trunk Company without such assistance, save some sections of double track between Montreal and Toronto.

East of the great lakes the following cash subsidies have been granted to companies in the interest of the Canadian Pacific:—

For a line from Glenannan to Wingham. \$ 18,000
For a line from London to Chatham..... 195,000
For a line from Woodstock to Hamilton (not utilized as yet)..... 153,400

I do not include the subsidy to the West Ontario Pacific Railway from Ingersoll to London (afterwards applied to part of a line from Woodstock to London) because it was refused to the Ontario and Quebec and granted to another party who had to be bought out; nor do I include the subsidies to the Guelph Junction Railway Company or the International Railway Company, neither of which were granted at the instance of the Canadian Pacific Railway Company and from neither of which did it derive any benefit. Nor do I take into account the Government's annual contribution of \$186,600 for 20 years to the interest on the bonds of Atlantic & Northwest railway (the so-called "Short line"), because the Company was most unwillingly forced to build this line and is now burdened with heavy and unremunerative obligations in consequence of it.

Nor do I include the subsidy of \$1,500,000 voted by Parliament for the extension of the Canadian Pacific Railway to Quebec, \$530,000 of this amount having been paid to the Grand Trunk Company for its control of the North Shore railway (affording to that Company, as its president boasted at a meeting of its shareholders, a profit of more than \$200,000), and the balance having been, as we claim, wrongfully withheld from us by the Government.

West of the great lakes one cash subsidy has been granted to the Canadian Pacific Company, that for the Kootenay Railway in British Columbia, \$112,000, an insignificant amount as compared with the expensive work involved, and this for a line of vastly more importance to the country at large than it is to the Canadian Pacific Railway Company.

The usual land grants of 6,400 acres per mile have been made to various railway lines in the Northwest, built by the Canadian Pacific Company, viz.: Extensions of the Manitoba Southwestern railway way from Elm Creek to Glenboro 60 miles, from Barnsley to Carman 6 miles, and from Manitou to Deloraine 101 miles (these extensions costing, with equipment, \$2,361,000); and also for the Souris branch of the Canadian Pacific Railway now under construction and upon which \$642,000 has already been expended. But I have not heard of any objections on the part of the Grand Trunk Company to the small cash subsidy for the Kootenay rail-

*db*  
*Montreal, Sept. 27th, 1890.*

way or to the land subsidies for railways in the Northwest, and I have only enumerated these in order that the Canadian Pacific Company may be duly debited with all of the favors and assistance it has had.

The complaints of the friends of the Grand Trunk are directed towards the few cash subsidies in the east which I have mentioned. But as against these what has the Grand Trunk had? Its almost worthless line between Quebec and River du Loup was taken over by the Government at a large price in order to provide funds for completing its Chicago connections. It has had subsidies for everything it has done, or that had been done for it in the way of railway building, within the past nine years, and much besides. It now owns the line from Gravenhurst to Lake Nipissing, towards which the Government contributed \$1,320,000 in cash on conditions which were intended to secure its independence and its equal use by the Canadian Pacific, conditions which subsequent legislation practically annulled.

It was granted in 1885 for the extension of its Montreal & Champlain Junction Railway from Brousseau's to Dundee, \$30,000.

It was granted in 1887 for the same railway \$64,000, and again in 1888, \$9,600.

It was given in 1887 \$96,000 for its Beauharnois Junction Railway—a line already heavily subsidized by the Province of Quebec—the two subsidies sufficing to pay for it in full, as the president of the Grand Trunk recently told his shareholders.

It was given in 1887 a subsidy of \$20,000 for its Jacques Cartier Union railway, which had already been in operation three years; and again, in 1890, another subsidy of \$48,000 for the same railway, this latter subsidy covering at the same time a portion of the original Grand Trunk Railway.

It was granted in 1887 \$96,000 for its Vandreuil and Prescott railway, and again in 1890 for the same line under the name of the Montreal and Ottawa Railway a further sum of \$96,000.

And in 1888 and 1890 the sums of \$64,000 and \$115,000 were granted for a railway in its interests from Kingston to Smith's Falls and Ottawa—a line leased to the Grand Trunk in advance of construction and to compete with the Ontario and Quebec, which was built without subsidy.

The Grand Trunk was also given in 1889 a subsidy of \$375,000 for a tunnel under the St. Clair river at Sarnia, while the Canadian Pacific Company was denied assistance for its bridge at Sault Ste. Marie—a work of vastly greater importance to the country—and has since been denied the privilege of registering in Canada without payment of duty, one of its steel ferry steamers for the transfer of its trains over the Detroit river, in competition with that very tunnel.



If the Grand Trunk may complain of assistance being given to competing lines, the Canadian Pacific should be heard on the same subject.

The Jacques Cartier Union Railway, the Beauharnois Junction, the Vaudreuil & Prescott and Montreal & Ottawa Railways before mentioned, as well as the Kingston, Smith's Falls & Ottawa, were all built, or are being built, to compete with Canadian Pacific lines, and so is the St. Clair tunnel. And other lines besides are being built, assisted by Government subsidies, to compete with Canadian Pacific lines that had no subsidies.

The Pontiac and Pacific Junction Railway—a directly competing line for almost its entire length—was granted in 1884, \$272,000 for its line from Hull or Aylmer to Pembroke, and in 1887 \$41,100 for a bridge at Ottawa; and again, in 1890, \$24,000 for a line from Hull to Aylmer. The Canada Atlantic Railway, another direct competitor, was granted in 1884 \$96,000, and in 1886 \$38,000 more;

and in 1887 the same Company was granted \$180,000 for a bridge across the St. Lawrence in direct competition with the bridge then just completed by the Canadian Pacific Company, without subsidy, across the same river and but a few miles below; but notwithstanding the subsidy to the Canada Atlantic Company for this competing bridge, and another to the Pontiac and Pacific Junction Company for a competing bridge at Ottawa and to the Grand Trunk Company for a competing tunnel at Sarnia, the Canadian Pacific Company has since been refused assistance to the extent of \$27,000 for its Fraser river bridge in British Columbia—a bridge intended to protect Canadian interests and to compete only with foreign lines.

The Canadian Pacific Company has not, directly or indirectly, opposed the granting of any charters that have been asked from Parliament in Canadian interests, nor is it disposed to do so. It is able to take care of itself against any

legitimate competition. Nor has it complained of the subsidies that have been given to the Pontiac and Pacific Junction or Canada Atlantic Railways, nor even of those given to the Grand Trunk Company, nor of any other; but everybody connected with it feels keenly the injustices of the treatment it has received, not alone in the matter of subsidies. They deny that there is any ground for the opinion which seems to prevail in some quarters that the Company is under exceptional obligations to the country and they deny emphatically that the Company has received anything in the past that should in the least degree weaken its claim to as liberal treatment as is accorded to any other railway company in the Dominion; and they claim that the very opposite is true. The Company undertook a contract with the Government and carried out its part of it faithfully, punctually and efficiently, and when it receives all that it is entitled to under that contract it will still be far from overpaid.

Faithfully yours,

W. C. VAN HORNE.

To the  
Right Hon. Sir John A. Macdonald, G.C.B.,  
Ottawa.